

HIPAA Implementation Newsletter

Issue #22 □ November 16, 2001

Web format with links at <http://lpf.com/hipaa>

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## \_\_\_\_\_Quarterly HIPAA Survey Results: Fall 2001\_\_\_\_\_

The latest HIMSS / Phoenix Health Systems Healthcare Industry survey reports

that, □ver half of all survey participants, across all segments of the healthcare industry, reported that their organizations are actively working on HIPAA assessments and project planning. □Many have begun implementations, primarily on Transactions and Privacy requirements. However, there are other indicators that industry-wide readiness for the October 16, 2002 Transactions deadline is questionable □even unlikely. 11% of all participants stated that their organizations are planning to □o nothing and see what happens.□□br>

□ the most frequently cited roadblock to compliance reported by providers was □ot enough time.□While it can be argued that, for the large numbers just starting compliance initiatives, this is an issue they created, the probability remains that many who have claimed □ot enough time□are forecasting correctly.□br>

Budgets: □rovider respondents were asked how much their organizations are spending on HIPAA in 2001, and have budgeted for 2002. A large percentage of

respondents (28% for 2001, 32% for 2002) reported not having these answers. □Given the costs of comprehensive assessment and implementation, reported budgets for as many as half of hospital providers appear insufficient.□br>

□ne fifth of all participants noted that their management is providing little or no compliance support.□br>

□f the 106 payer respondents, about 50% said they have begun coordinating

remediation with their clients -- the other 50% are going it alone. □About 40% of all provider respondents □said they were working with payers.□br>

COMMENTARY: □t is expected that this testing will overwhelm both health plans and providers once they have made initial changes to their systems relating to the transaction changes necessary to comply with HIPAA and they have completed the initial beta test phase.□From a white paper by WEDI SNIP

that was introduced in Issue #8. That paper calls for extensive early coordination to facilitate testing. See also the next article on Transaction Sequencing. [<http://wedi.org/snip/Transactions/testing030901.pdf>]

□ne final trend that deserves special attention relates to the impact of the current national security crisis on HIPAA-required security. □When

asked how the current national security crisis has affected their organizations' sense of urgency regarding HIPAA security implementation, 67% of all participants reported either "not at all" or "a little." This outcome was surprising and of some concern to survey analysts, in light of the strong relationship between the national security environment and healthcare services, and in view of recent strong directives from the AHA and the AMA to upgrade enterprise security.

COMMENTARY: We raised the issue of Homeland Security and HIPAA in the last

issue. We frequently include items under the title "Not Just HIPAA." Most of these stories point to initiatives from outside the traditional provider/payer structure to deal with perceived shortcomings. If the healthcare industry does not take the initiative, it may be forced to live with decisions made by others.

Use Of Outside Consultants: Like our July survey, more payer participants (66%) said they are engaging consultants for HIPAA compliance support than any other industry group. Just over 55% of 400+ bed hospitals, 42% of 100-400 bed hospitals and 38% of <100 bed hospitals are reportedly using consultants. Not surprisingly, considering the high cost of consultant support, only 30% of other providers, and 18% of small providers answered yes to this question. Of those using consultants, respondents indicated that this outside support was needed primarily for assessment and planning. Only 33% of payers and 5% to 10% of the various hospital segments using consultants expect to include consultants in implementation efforts.

E-Health: Considering the expense of E-health initiatives, it is not surprising that e-health strategies were reported most often by representatives of 400+ bed hospitals (59%) and 100-400 bed hospitals (53%).

Vendors: Slightly fewer than 15% said that their organizations have completed Transactions-related remediation or product development.

Another

12% expect to be finished within 3 months, 28% in 4 to 6 months, 30% in 7 to 12 months, and 16% do not expect to meet the compliance deadline next October.

COMMENTARY: Do you know what your vendor plans? Do you and they have contingency plans? If their schedule is tight, have you considered an alternative vendor?

[http://www.himss.org/content/files/hipaa\\_survey\\_fall2001\\_9027.pdf](http://www.himss.org/content/files/hipaa_survey_fall2001_9027.pdf)

\_\_\_\_\_Transaction Sequencing\_\_\_\_\_

A White Paper describing recommendations for a sequenced deployment of

the

HIPAA Administrative Simplification Transactions by the Policies and Procedures subgroup of WEDI SNIP provides useful guidance.

The Secretary of DHHS released final rules regarding electronic transaction standards and code sets August 2000. All covered entities, as defined in the final rule, must comply by October 16, 2002 (small health plans by October 16, 2003). Although an implementation dead line is included, these rules do not provide any guidance on sequencing the implementation process.

It should be noted, that implementation of these transactions will require two or more trading partners to agree to exchange the transactions in the new format with the required data content. This will further require that each trading partner must modify their system to operate with these new transaction formats and content, and that both organizations implement changes simultaneously [to allow round trip processing for a transaction]. Unless the implementation process is somewhat orderly the industry will be put in a position to deal with too many variables leading to many potential implementation problems, which will include: an extended implementation process and a higher implementation cost that is unnecessary. We hope to avoid these problems with this plan.

HIPAA requires the implementation of nine EDI transactions (supporting eight business functions). Implementation planning is an industry issue and is not isolated to an individual organization. Organizations will need to implement these transactions with many other organizations and cannot work independently of each other plans. In addition, HIPAA will increase the number of organizations that each entity conducts business with electronically, with both former and new trading partners, This paper establishes such a plan to accomplish this goal.

Big Bang: Can we just implement all the transactions at once (the Big Bang approach)? This is certainly one way to proceed, but WEDI SNIP believes this would not be a good approach. Many involved in this process agree that there are a multitude of issues related to implementing each of these transactions. This will require time to analyze the systems involved, the data content required, and the system implications associated with collecting and maintaining new data, using new identifiers, and using new code sets either in these systems directly or inserting information via EDI translators. Setting up and using each of these transactions will require testing and certification at many levels. This process will require internal quality assurance testing and testing with a certification entity, such as defined by the WEDI SNIP Testing Sub Work Group white paper Testing and Certification

[<http://wedi.org/snip/Transactions/testing030901.pdf>; See Issue #8 for information about testing levels.]

during the initial conversion, each organization may have to perform some

testing with each of their trading partners to verify they are meeting the unique partner specific requirements that may exist between trading partners and that all coding decisions are consistent with each entity's interpretation of what is required.

Trading partner level testing will also ensure that connections are working properly, security is working properly, and other submission requirements are being satisfied as required by each entity. This process is described in the WEDI SNIP Testing Sub Work Group's white paper "Business to Business Testing." It is also realized that the industry has limited resources to complete this work. Some of these transactions will be easier to implement than others, while some will require extensive reprogramming or new programming to implement. To allow us effective use of limited resources and

a method to move forward in small controllable steps, the transactions are scheduled to be implemented in steps by Transaction Groups, addressing those transactions first that can or should be implemented early in the process to allow sufficient time to complete the conversions from existing transactions or software to those that will require more time to develop, but less time to implement.  
>[\[http://snip.wedi.org/public/articles/BUS2BUSTEST.pdf\]](http://snip.wedi.org/public/articles/BUS2BUSTEST.pdf)

Recommendation: For the reasons listed above, we believe that the transactions should be implemented in multiple steps, and that the "Big Bang" approach should be avoided. We are recommending a sequenced implementation as describe above and in more detail below in Sub topics 2 and 3. We recognize that some organizations may not fully agree with our sequencing or our proposed timing, but we are hoping that most organizations

will consider these issues and work as closely to this recommendation as possible, We believe that multiple implementation plans will create much confusion, especially to those in the industry who must support multiple regional plans, for example the vendors, the clearinghouses, the certification organizations, and the providers.  
>Version 1: August 24, 2001; 40 pages

<http://snip.wedi.org/public/articles/Trans-Seq-White-Paper-2001-0824-V1.PDF>

#### \_\_\_\_\_Security & Privacy: Policies & Procedures\_\_\_\_\_

Both the final Privacy rule and the proposed Security rule require that a covered entity develop policies and procedures to implement the requirements of the rules. The policies and procedures must be reasonably designed, taking into account the size of and the type of activities that relate to protected health information undertaken by the covered entity, to ensure such compliance.

□he [SNIP WEDI] Policies and Procedures subgroup set the following goals for this white paper:

- \* Identify areas in the Privacy rule and Security proposed rule specifically requiring development of policies and procedures:
- \* Cite specific sections of the regulations and their preambles that reference the standard and the requirements for policies and procedures. Where there are numerous references from the Preamble relating to a topic, we have cited those references that are substantive and provide clarification to the text of the regulation. There may be additional references to a topic in the preamble that are not included because the group judged them to be less germane. At a future date, the workgroup may be able to provide an index that would include all references to a topic.
- \* Provide both an explanation of the general requirements of the standard and any specific requirements regarding the policies and procedures needed to implement the standard
- \* Create a checklist of areas requiring development of policies and procedures
- \* Include a glossary of Privacy and Security terminology
- \* Assemble a list of websites and other resources to provide additional information regarding policies and procedures

□he policies and procedures listed in the checklist reflect the workgroup□ best effort to detail the areas requiring development of policies and procedures. It should not be considered to be a complete listing of all possible policies and procedures. Nor is it intended to be a comprehensive listing of □est practices□for privacy and security. Rather, the group specifically limited itself to those topics that were clearly addressed within the Privacy and Security rules.□br>

There is a five page □lossary of Privacy & Security Terminology□which provides a useful standard for discussions about these two topics. There are also links to nine Web sites the working group found useful for reference.

\_\_\_\_\_Biotech □Comdex\_\_\_\_\_

□ant to know what life will eventually be like in the wake of Sept. 11? At the outer limits of the Comdex show floor, I found a small showcase called the Biometropolis, inhabited by about 20 companies engaged in the emerging field of biometrics. Despite the remote location, this area--featuring technologies that utilize unique human identifiers, like your fingerprints--has become one of the show's hot spots. Michael Theime of the International Biometric Group, [See Issue #16] the New York City consultancy underwriting the Biometropolis, told me the terrorist attacks turned the biometrics business upside down.

Before Sept. 11, the field was all about providing an automated identification process for the sake of convenience--giving us a way to quickly authenticate ourselves to get through a line a little quicker. After Sept. 11, there was a new imperative: security. If you're a network professional or IT manager, brace yourself: Since it's an information technology, responsibility for exploring it, implementing it, and maintaining it will belong to you.  
<http://www.zdnet.com/anchordesk/stories/story/0,10738,2824066,00.html>

#### \_\_\_\_\_Tablet PC - Comdex\_\_\_\_\_

Bill Gates discussed tablet PC in his Sunday keynote speech at Comdex. When hardware companies announced support for Microsoft's XP-based Tablet PC here at Comdex. First units are expected to reach customers during the second half of next year. The goal is to make them as much like "normal" notebook computers as possible. Pricing will be premium, but should decrease with consumer acceptance--when and if that occurs. They will run on: Microsoft Windows XP Tablet Edition.

<http://www.zdnet.com/anchordesk/stories/story/0,10738,2824111,00.html>  
more at  
<http://www.zdnet.com/special/stories/report/0,13518,5099467,00.html>

#### \_\_\_\_\_Update\_\_\_\_\_

Updated FAQ on the Final Transaction Rule have been added to the Documents page: <http://lpf.com/hipaa/text.html#the-act-text>

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